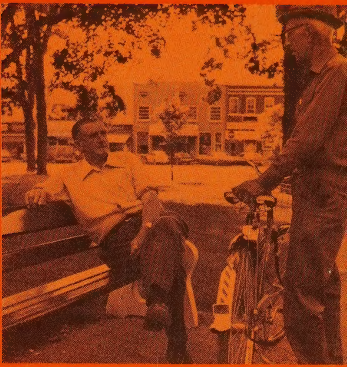
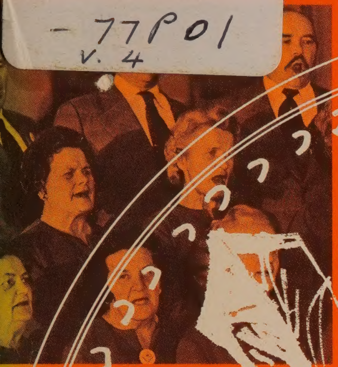
Your Income in Retirement





Volume IV
Report of the Royal Commission on the Status of Pensions in Ontario

Ontario

Printed in Canada by the Queen's Printer
ISBN 0-7743-3825-3

Foreword

During its public hearings in 1978, the Royal Commission on the Status of Pensions in Ontario was disturbed to learn that few people understand even the basic arrangements used in Ontario to provide income in retirement. As well, many people wrote to the Commission asking for help in finding out about government retirement programs and private pensions. Since the provision of income in retirement is primarily a personal responsibility, it is essential that the information needed to make individual decisions is widely known.

This booklet is Volume IV of the Report of the Commission. While the other volumes in the Report contain a detailed examination of the programs and issues involved in the growing pension debate, *Your Income in Retirement* brings together in one place information about the sources from which a person's retirement income may be drawn. It also explains some of the mysteries of how pensions work. We hope that it will open new avenues for readers to discover for themselves what they need to know about their own income for their retirement years.

We are grateful to Gordon B. Milling for the long and patient hours he spent with the Commission in the preparation of this volume.

Donna J. Haley, Q. C.
Chairman

Your Income in Retirement

Volume IV

Report of the Royal Commission on the Status of Pensions in Ontario

Your Income in Retirement

Contents

1 An Introduction

This chapter introduces:

Becoming a pensioner

All of these people have lived and worked in Ontario for years. They also have something else in common. All of them celebrated their sixty-fifth birthdays this month. While Clifford chose to retire three years ago on a special company pension, Sarah, Barbara, John, and Lloyd are about to receive their first pension cheques from their employers and government programs. Clifford is now able to benefit, too, from government schemes.

In the past these pensioners grew up and lived and worked in different communities, and they have had varying interests and lifestyles and different viewpoints about their families and careers. As might be expected, they have quite different attitudes toward retirement. As a result, their problems and their solutions to them will likely differ.

Having a sixty-fifth birthday doesn't, of course, always lead to retirement or to the end of an active, useful life. What it means depends upon the health, experience, and interests of those who reach that age.

But income for their retirement years is also a very important factor. People's incomes usually change at 65, if only because government pensions start at that age. Also, 65 is the "normal" retirement age in many employers' pension plans.

Barbara, Sarah, John, and Lloyd have therefore had to make some important de-

cisions about their future, simply because they were approaching age 65. Clifford has had to review his situation in the light of the devastating news that his company will not be able to provide the pension income he had counted on. Before they had enough information on which to base their choices, they all had many questions to be answered.

What pension income will I receive?

The first question that arose was what pension income they would receive. All five knew they were now eligible to apply for certain public pensions, even if they didn't retire from their jobs. But that was only the starting point. Answers to other questions were more difficult to find and from time to time were confusing. Eventually, though, all managed to locate good sources of information about their pension entitlements.

By the time their birthday greetings started arriving, all our pensioners knew to within a dollar or so what they would get right away – and where to go for more information and advice if their circumstances were to change in the future.

Whether some of them actually retire immediately, they all have learned something about the laws that protect their right to pensions, the programs that will provide extra assistance if needed, the benefits their families will receive if they die, and the special income tax provisions for people over 65. They have found out how to

ensure they receive all their entitlements from public programs, their employer plans, and their own private plans. They also know how they will benefit from exemptions from provincial health insurance premiums and from free prescription drugs and reduced prices for many services.

Information about pensions

Gathering all the information took some time. People in official positions were usually very helpful. But no one seemed able to explain how all the various programs fit together, because income for retirement is provided by a combination of efforts by public and private agencies and by individuals to meet the special needs that arrive with advancing age. Government plans, employer plans, registered retirement savings plans, guaranteed income supplements, and income tax rules can all be explained. But, as one would-be pensioner questioned, "Do I have to take a university course just to retire?"

Our pensioners found their separate ways through the maze of programs, regulations, and calculations. In their search for information, they had a good deal of help from friends, employers, unions, clergymen, bank managers, lawyers, social workers, and government officials.

Outline of this booklet

This booklet gathers together in one place information from many sources. It looks first briefly at retirement programs and benefits and then outlines the benefits each of our pensioners would receive. It goes on to explain in detail how government programs work and to describe the features of private plans. In addition, a few observations are made about the cost of pensions and about why consumers of all ages should be interested in the progress being made in Canada, and Ontario in particular, toward ensuring income security for older citizens. For, as will be seen, all consumers pay for public and private pensions, but some benefit much less than others.

But first let us look quickly at the various sources of income and benefits available in retirement. For convenience they can be listed under four general categories: public programs, private or company pensions, personal saving, and "other benefits" that are not precisely pensions.

Public Pension Programs

Old Age Security (OAS)
OAS is paid by the federal government to those who fulfil residence requirements when they reach age 65. The program is financed out of general revenues. The amount of the pension is adjusted quarterly to compensate for increases in the cost of living.

Canada Pension Plan (CPP)

CPP benefits are provided through a joint federal-provincial program. They are based on contributions made during working years and on earnings and are payable at age 65 whether an employee retires or not. The CPP provides pensions for disabled contributors and their dependents. Benefits are also paid to survivors on the death of the contributor. All amounts are adjusted to reflect wage trends and increases in the consumer price index.

Income Support Benefits

The Guaranteed Income Supplement (GIS) and the Spouse's Allowance are supplementary federal programs, while the Guaranteed Annual Income Supplement (GAINS) is an Ontario program. Benefits are linked to other individual or family income.

Private Pension Plans

Retirement income plans are set up and operated for groups of employees, usually by their employer. Sometimes a group of employers or a union will undertake to establish a pension plan. As employers, governments also have pension programs for their employees. The amount of a pension most often is based on service or earnings or both. Retirement age, the amount of the pension, and other conditions vary from plan to plan. Some require members to make contributions, while others do not, and benefits in some cases are "integrated" with public plan benefits. Private plans aren't required by law. Some aspects are, however, regulated by the Pension Benefits

Act in Ontario, or by similar provincial or federal legislation, and are subject to conditions imposed under the Income Tax Act.

Personal Saving

People save for retirement in many ways. Many buy a house; some buy savings bonds or invest their money in other ways; and some may also buy Registered Retirement Savings Plans (RRSPs).

Non-Pension Benefits

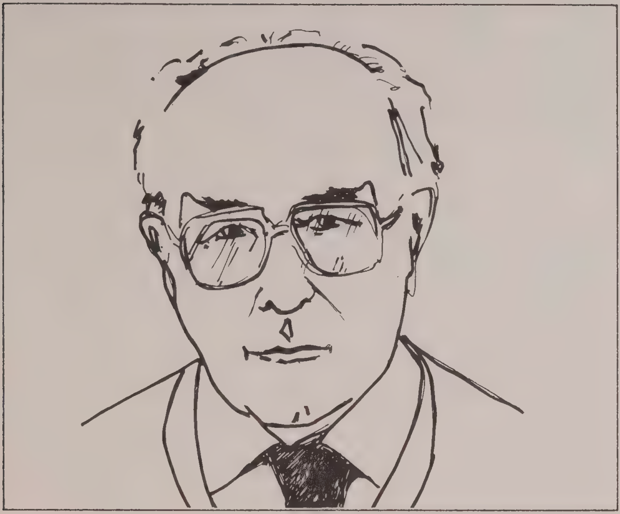
Non-pension benefits include income tax concessions, free health insurance, free prescription drugs, special assistance programs, and other senior citizen privileges.

A Word of Caution

While all the facts in this booklet were thoroughly checked, it was impossible to include every detail that would apply to people in all circumstances. Changes may occur, too, not only in government programs but also in private pension plans. Wherever possible, sources of information are listed, and readers are advised to refer to them for the latest and most accurate information.

Benefit amounts shown for various government programs were those in effect in January 1979.

2 Five Pensioners



Lloyd,
a machinist

Lloyd, who was a machinist with ABC Tool Company for many years, lives in a small city not far from Toronto. He and his wife Julia have raised four children, three of whom are now independent. Betty, age 21, intends to go on living at home until she graduates from university next year. Three years ago Lloyd made the final mortgage payment on their six-room house. Since then, money has been available to buy several new machine tools for his basement woodworking shop.

Lloyd's pension service dates from late 1943 when, after several years of short-term work and frequent unemployment, he finally landed a machine repair job at ABC Tool. The company pension plan wasn't installed until 1965, when for the first time the union agreement provided for a non-contributory

Lloyd's non-contributory flat-rate pension

plan with a "flat-rate" benefit for past service as well as the years from then until retirement. Today, with thirty-five years of pension credits, Lloyd is entitled to $350 a month – that is, $10 for each year of service – for the rest of his life.

Lloyd could have retired three years ago at age 62, with no reduction in his pension rate which, for thirty-two years' service, would have given him $320 a month. His company would have provided in addition a "bridging supplement" of $270 a month until he qualified at 65 for government pensions. Instead, he decided to work three more years, mainly because he would have the extra earnings.

A survivor option

His $350 a month payment is based on a "life" pension; that is, it is payable only as long as he lives. However, he has "elected" a "survivor option" in order to provide income protection for his wife. While his own pension is reduced 10 per cent to $315 a month under this scheme, if he dies first, Julia will receive $157.50, or 50 per cent of his pension, as long as she lives.

Lloyd's Old Age Security pension would start now whether he retired or not; all he had to do was apply for it. So will his Canada Pension Plan retirement pension.

Benefits from government programs

As an OAS pensioner, Lloyd was automatically sent an application form for a Guaranteed Income Supplement (GIS) and for a Spouse's Allowance because his wife is between the ages of 60 and 65. Based on their combined income, Lloyd and Julia will receive $37.15 each from these supplementary programs.

With these benefits, their monthly family income shapes up as follows:

Monthly income while working	$1,467.00
Monthly retirement income	
Lloyd's company pension	$ 315.00
OAS pension	167.21
GIS	37.15
CPP retirement pension	218.06
Julia's Spouse's Allowance	37.15
Total	$ 774.57

Indexing of benefits

With a reduced income, Lloyd knows how important it is that his government pensions – which make up over half his retirement income – are "indexed"; that is, they are adjusted at intervals to compensate for rising prices. His company pension, like most private pensions, is not indexed, so that if prices go up 6 per cent a year, his $315 will buy only $250 worth of consumer goods five years from now. If inflation continued at that pace, the purchasing power of his $315 would drop to $186 in ten years and to $139 in fifteen years.

Health benefits

Lloyd's age makes the couple eligible for free OHIP coverage, as premiums are waived. He is also entitled to free prescription drugs on presentation of his Ontario Senior Citizen Privilege Card, which is sent to pensioners when they begin to receive OAS. The Ontario government will pick up the tab for these health services.

Before leaving Lloyd's family, we should consider what would happen if he were to die. In that event Julia would receive a CPP death benefit of $1,170 in addition to Lloyd's life insurance. She would also start getting monthly survivor benefits from Lloyd's company pension plan and the Canada Pension Plan:

Lloyd's company pension survivor's benefit	$157.50
CPP surviving spouse's pension	134.28
Total	$291.78

Julia would also continue to receive her Spouse's Allowance of $37.15 for six months. Betty, their daughter, would receive a CPP "dependent child's benefit" of $52.51 a month, payable as long as she is under 25 and attending university full time. In addition, Julia should apply for free OHIP coverage because her taxable income would be less than $2,500 a year. When she reaches age 65 she will receive her own Old Age Security pension and probably, depending on her income at that time, a Guaranteed Income Supplement.

Meanwhile, she could obtain welfare assistance, if necessary, under Ontario's Family Benefits program.

Barbara,
a commercial artist

A self-employed worker

Barbara, the commercial artist in our group, began her freelance career when her former employer went out of business eleven years ago. At that time, she found that several publishers were interested in her work, and so she started accepting contract assignments. She has been successfully self-employed ever since.

Barbara, who was widowed at 39, has no children. While she was employed at DEF Publishing she developed a great interest in travelling for pleasure. Her freelance work allows her time to pursue that hobby without jeopardizing her income.

Now that she is 65, Barbara has applied for Old Age Security and Canada Pension Plan benefits, both of which she can receive even if she goes on working.

A deferred pension

Before DEF Publishing closed its doors, Barbara had contributed to the company pension plan for fifteen years. When the plan had to be "wound up" it had enough money to cover the cost of pensions to persons like Barbara who had earned benefits but who weren't old enough to retire. Barbara's pension earned to the time the company closed is called a "deferred" pension because she cannot receive it until she reaches retirement age. At age 65, she will receive a monthly pension of $153.75 based on her average salary for the last five years she was in the plan.

All the persons in the plan who were at least age 45 and who had been with the company for ten years receive a deferred pension like Barbara's. Such a pension is called a vested pension because the employee's right to it has already been earned. (Vesting is further explained on page 50.)

Barbara will get her pension cheques from the insurance company that took over the responsibility for paying all DEF plan benefits, including the immediate pensions for those already retired and the deferred pensions for those who retire later.

RRSP income

As a self-employed worker since then, Barbara hasn't been eligible to join any company pension plan. However, each year she set aside $2,000 in a Registered Retirement Savings Plan (RRSP). She figures her income tax savings to date have paid for at least one trip to Europe! But more important, her personal RRSP is now worth more than $26,000, or enough to buy an "annuity" of about $237 a month starting now and continuing for the rest of her life.

Still, if she retired now her monthly income would be less than half her earnings:

Monthly income while working	$1,667.00
Monthly retirement income	
DEF Co. vested pension	$ 153.75
RRSP annuity	237.00
OAS pension	167.21
CPP retirement pension	218.06
Total	$ 776.02

But why retire?

In Barbara's case, such a cut in income isn't very attractive. For one thing, she has two more years before she will have paid off the mortgage on her condominium apartment. She has spent a lot of time and money in fixing it up as her studio. Counting maintenance charges, her monthly "rent" comes to $394, or just over half her retirement income. At that rate she couldn't afford to do much travelling. So why retire?

Accordingly, Barbara has made up her mind to take her government pensions and her vested pension and go on working for another two or three years. She may turn down a job or two in order to take longer or more frequent trips. She may also build up her RRSP account until it will buy an extra $150 or $200 a month when she eventually turns it into an annuity, which can be as late as age 71 if she wishes. She may even deposit part or all of her present pension income in the RRSP, so that she saves on income tax now and has more retirement income in the long run.

Barbara is fortunate to be in good health. While she can't retire comfortably just now, she can ease herself into retirement over the next few years and end up far more secure financially than would be possible if she stopped working promptly at age 65.

Sarah,
a cashier

Sarah is a senior cashier in the GHI Department Store, a medium-size chain with a branch in the Toronto neighbourhood where Sarah and her family have lived since they arrived in Canada in 1949. Highly regarded by the store manager and staff, Sarah nevertheless must retire this month because of a company-wide policy of automatic retirement at age 65. Her earnings in the past year averaged \$767 a month.

Mandatory retirement at age 65

Sarah's husband George, who is 66, has been unable to work at all for three years. In poor health since the fifties, he did not work for a good many months before he was forced to stop working completely. As a consequence, there were many "no earnings" months to be included in the calculation of his Canada Pension Plan "disability pension." His benefits – which he received for two years – were well below the maximum. When he turned 65, the same factors combined to make his retirement pension only \$120 a month. He does, however, receive the standard Old Age Security pension of \$167.21 a month.

George's CPP disability pension

While Sarah has worked at the GHI store for twelve years, she has only ten years' contributions in the company's pension plan, because there was a two-year waiting period when she was hired before she had to join the plan. Now she has a pension based on 1½ per cent of her pay while she was in the plan. With a "career average" salary of \$583 a month, compared with her final rate of \$767, her monthly pension comes to a rather meagre \$88.70.

Sarah's contributory career earnings pension plan

Sarah has worked for other employers who had pension plans. But in one case Sarah couldn't join the plan because it was for full-time employees and she was a part-time worker. In another store she belonged to the pension plan but failed to earn a vested pension because, although she was over age 45 when she left, she had less than the ten years' service required to qualify. In that case, her own contributions were returned to her.

With Sarah and George both receiving government pensions, including a small Guaranteed Income Supplement based on their combined income, their monthly income amounts to $786.86.

Monthly income while working	
Sarah's earnings	$ 767.00
George's OAS pension	167.21
CPP retirement pension	120.00
Total	$1,054.21
Monthly retirement income	
Sarah's company pension	$ 88.70
OAS pension	167.21
CPP retirement pension	201.44
George's OAS pension	167.21
CPP retirement pension	120.00
GIS	24.30
Total	$ 768.86

OHIP coverage

Starting last year, when George turned 65, both have had free OHIP coverage, and

George's costly medications have been paid for by the Ontario Drug Benefit Plan. Now Sarah too will be eligible for free prescription drugs.

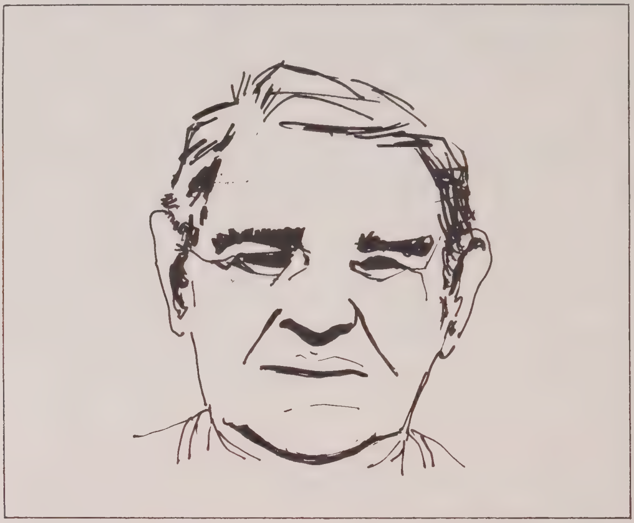
If either dies, the other will receive a death benefit and a surviving spouse's pension from the Canada Pension Plan. If George were to die first, Sarah would receive a lump-sum death benefit of $720, which is six times his monthly CPP pension and a small survivor's pension. Her monthly income then would be:

Sarah's company pension	$ 88.70
OAS pension	167.21
CPP retirement pension plus survivor's pension	218.06
Total	$473.97

If Sarah were to die first, George would get $1,170 as a lump-sum CPP death benefit and a CPP survivor's pension of $75.54 a month. On the basis of his income he would also qualify for a Guaranteed Income Supplement of $40.28 a month:

George's OAS pension	$167.21
GIS	40.28
CPP retirement pension plus survivor's pension	195.54
Total	$403.03

John,
a driver-salesman



John has worked for the Blackbird County Co-op for thirty years, most of that time as a driver and salesman of farm supplies. He and his wife Margaret have raised two sons and a daughter, who are all away from home now raising families of their own. John and Margaret own their house on a half-acre lot at the edge of the town where they both were born. They're active in community affairs and look forward to retirement as a time to enjoy their hobbies and to spend time with their grandchildren.

Recalling a serious illness that kept him from working for several months in 1971 and again in 1974, John does not want to press his luck by working any longer. And John and Margaret have what they feel will be enough income security. They are both 65, so they'll have two Old Age Security pensions of \$167.21. John will also receive the maximum CPP pension of

$218.06 and one from the Co-op's contributory plan.

John's money purchase plan

John's pension plan at work was set up only fifteen years ago and provided no benefit for the fifteen years he spent with the company before that. The plan is a "money purchase" type, in which John and his employer each contributed at the rate of 4 per cent of John's earnings. Their contributions and interest accumulated and were used to buy an annuity (pension) when he retired.

In John's case, the plan won't pay off as well as it might if he had been younger when the plan started and had more years for contributions to be made and interest to be earned and "compounded." Then too, neither he nor his employer made contributions when he was off work. He did get sickness benefits from a group insurance plan, but those didn't count as earnings for pension purposes.

Today, John's pension account adds up to $24,750. About two-thirds of that amount is his own contributions and his employer's; the rest is from interest. His pension, purchased as an annuity from an insurance company, will be $229 a month.

A term certain provision

John's pension has a ten-year "term certain"; that is, it is guaranteed for ten years. That means he'll get that amount every month as long as he lives, and if he dies before ten years is up, payments will continue to his widow or estate for the balance of that period. In this

way, Margaret will have income protection until she is 75.

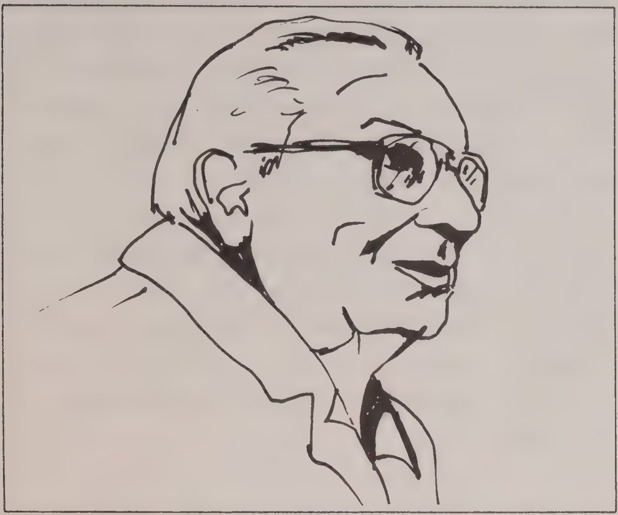
With these pensions and the small Guaranteed Income Supplement each will receive, John and Margaret's family income in retirement will be:

Monthly income while working	$1,500.00
Monthly retirement income	
John's OAS pension	$ 167.21
CPP retirement pension	218.06
Company pension	229.00
Margaret's OAS pension	167.21
GIS	6.30
Total	$ 787.78

In addition, they're both entitled to free OHIP coverage and prescription drugs.

If John were to die, his widow would get a CPP death benefit of $1,170 and a survivor's pension in addition to her own Old Age Security pension and John's company pension:

Margaret's OAS pension	$167.21
John's company pension (for the balance of the ten-year term)	229.00
CPP surviving spouse's pension	130.84
Total	$527.05



Clifford,
an assembler

Clifford is also 65 this month, but as we know he's already been retired for three years. He has a special problem, though. Part of the pension he counted on having just isn't there!

Clifford's early retirement

For thirty years Clifford worked as an assembler at the XYZ Company, a manufacturer of auto parts, owned by a large conglomerate. In 1975 the company upgraded its non-contributory pension plan to provide benefits similar to those in the big auto companies. That meant, for one thing, that workers with thirty years' service could retire any time they wished, regardless of age. They'd get $650 a month until they started receiving government pensions. After that, they'd get a regular pension for life at the rate of $11 per year of service.

Clifford and his wife, who is now 57, thought they could get along on $650 a month. Their house was paid for, their four children were grown up, and their needs were relatively modest. So, at the beginning of 1976, he took his special pension and retired.

Clifford knew he would start getting his Old Age Security pension at 65. His Canada Pension Plan retirement benefit would also be available, although not at the maximum because he would not have contributed for three years.

His regular or "basic" company pension would be $330 a month. Altogether, he could look forward to an increase of $45 or so in his monthly income.

Consequences of a pension plan wind-up

Then came the bombshell. XYZ Company would close its plant early in 1979. The pension plan would be "wound up" and there weren't enough assets to provide for all the benefits that had been promised.

In all the confusion following the announcement, employees and pensioners alike were anxious to find out how they would be affected. And it took several weeks for the company's financial officers, actuaries, and the Pension Commission to work out the exact method of fitting benefits to assets. Meanwhile, the pensioners were told to be prepared for some reduction in their pensions.

Clifford finally learned that his $650 a month would be cut, drastically. But he expected that at age 65 anyway, since $320 of it was a temporary supplement. What really hurt him was that his $330 basic pension was reduced to $180. Many others are worse off. Some who were getting $650 a month have several years to go before they can draw government pensions.

At least Clifford retired when he wanted to. Several employees who had planned to go on pension in the next year or two had to look for another job; and jobs are hard to find for people in their fifties and sixties. All who were 45 or over and had ten years' service or more are receiving, or will receive, some of their pension. But the amounts are a fraction of what they'd anticipated, and they will have to work longer before they can retire.

When all the facts were in it was clear that the XYZ pension plan was financed quite legally, with the funds held in trust and professionally invested. The company was responsible for nothing more than it had to pay into the fund up to the time of the wind-up.

The result of unfunded liabilities

What caused so much trouble was that, as a result of the improved terms in 1975, the plan built up a huge "unfunded liability," a debt that was to have been paid off in equal instalments over fifteen years. If the plan had continued indefinitely, it could have met its obligations. As it was, the assets in the plan simply weren't sufficient to cover all the promised benefits. To make matters worse, more employees than

expected took the "30-and-out" retirement option, with the result that the fund had been paying out more in monthly pensions than it could afford in the early years at the new – and much higher – scale of company payments. Over time, the plan would have been sound enough. But time ran out.

Having these difficulties in mind, Clifford and his wife reviewed the soundness of their own finances. With his company pension of $180, their situation now looks like this:

	What he would have had	What he has
Company pension	$330.00	$180.00
OAS pension	167.21	167.21
CPP retirement pension	198.23	198.23
Total	$695.44	$545.44

He has learned, however, that as an Old Age Security pensioner with a relatively low family income he is entitled to a Guaranteed Income Supplement, which can be added to the totals above:

GIS	$ 47.28	$ 85.28
Total	$742.72	$630.72

So, instead of having his monthly income increased at 65, it has been cut by some $112. The loss of the $150 that's been chopped from his basic company pension is only partly offset by the higher Guaranteed Income Supplement that will be payable.

At 65 Clifford is eligible for free OHIP coverage for himself and his wife. He also qualifies for free prescription drugs.

If Clifford were to die, his wife would get a CPP lump-sum death benefit of $1,170. She would also receive $126.85 a month as a CPP surviving spouse's pension. As long as she has no other income, she would qualify for allowances based on need under Ontario's Family Benefits program.

Each case is different

These are examples of how the present system of public and private pensions provides for some representative Ontario citizens. All have worked hard according to their different abilities, saved according to their circumstances, and will cope with retirement in their own ways.

In some respects, though, luck has played an important part in determining how much income they will have in retirement and where it will come from.

- Lloyd has had a steady job for thirty-five years, and this is reflected in his company pension. But he receives no pension credits for the fourteen years when he was training and gaining experience in several short-term jobs.

- Barbara, who has no dependents, has been able to save at a rate many could not afford. And she had to. Beginning her full-time career at 39, she had no pension credits for the twenty-odd years she spent as a housewife and part-time worker.

- Sarah and her husband between them worked for about fifty-six years. But only ten of those years produced any private pension credits.

- John, who worked in the same job for thirty years, has pension credits for only half that career and none for the first seventeen years he worked after he left school.

- Clifford counted on his company pension plan for more than it could deliver. He was unaware – because no one ever explained it to the employees – that the early retirement and "special" pension program actually made all the plan benefits less secure for several years after the improvements went into effect.

As we have seen, our pensioners will be getting most of their pension income as a matter of right – that is, without proving need. But some are entitled to supplementary benefits, which are explained in more detail in Chapter 3. These additional amounts go to Old Age Security pensioners and their wives or husbands on the basis of family income. Like Old Age Security, the Guaranteed Income Supplement and the Spouse's Allowance are adjusted every three months to compensate for increases in the consumer price index.

Each person's retirement income comes from several of the sources mentioned in Chapter 1: government programs covering nearly all Canadians or most of the work force; private plans for workers in specific firms or industries; and personal savings. In the next three chapters, we look at each of those sources in turn. Within each there are different mechanisms that need explanation, not only to answer questions raised by these examples, but also to provide more information for readers in different circumstances and with different work and savings histories.

3 Public Pensions

The federal government and all the provincial governments are involved in pension programs through the Canada Pension Plan or the Quebec Pension Plan. Federal schemes also include the Old Age Security pension, the Spouse's Allowance, and the Guaranteed Income Supplement. The Ontario government sponsors the Guaranteed Annual Income System. An outline of these income programs follows, with suggestions about where to get further information and how to apply for benefits.

Old Age Security Pensions

OAS

Under this federal, tax-supported program, a monthly pension is payable to anyone aged 65 or over who meets the minimum residence requirements. Payment doesn't depend on need, and a person need not retire to benefit.

OAS pensions are a fixed amount, except where a reduced amount is payable because of limited residence in Canada. Every three months the amount is adjusted to reflect recent increases in the consumer price index. At the beginning of 1979, the full OAS pension was $167.21 a month.

When and where payable

OAS payments start in the month after the month in which the person was first eligible and continue every month for life. In case of a late application, payments can be made retroactively for up to twelve months. Once approved the pension can be paid indefinitely

to someone living outside Canada who resided in Canada for at least twenty years after the age of 18. Otherwise, payment outside the country can be made for up to six months. After that the pension is renewed only if the pensioner returns to Canada. Other benefits related to OAS are explained later in the Spouse's Allowance and Income Supplements sections.

When and how to apply

People are advised to apply six months before they become eligible for benefits. In most cases that means six months before their sixty-fifth birthday.

Application forms are available in all post offices, at Old Age Security and Canada Pension Plan offices, and at Canadian government offices in other countries.

With the application form comes detailed information about these pensions and a list of the addresses and telephone numbers of offices where more information can be obtained. Officials in those offices will assist a person applying for benefits and will even make home visits if necessary.

In Ontario, general inquiries may be addressed to:

Old Age Security,
Forester House,
789 Don Mills Road,
Don Mills, Ontario M3C 1T5
Telephone: (416) 423-6900

Canada Pension Plan

CPP contributions and benefits

Canada Pension Plan contributions and benefits are based on earnings. The plan, together with the Quebec Pension Plan, covers virtually all employed and self-employed persons in Canada. Retirement benefits are payable from age 65, regardless of other income or continued employment. Death, survivors', and orphans' benefits are also provided, and payments are made under the plan to disabled contributors and their dependent children.

Earnings for CPP purposes are counted up to a maximum, or "ceiling," that is revised each year and is known as the Year's Maximum Pensionable Earnings (YMPE). The YMPE for 1979 is $11,700.

1979 rates

Contributions are made by employees and employers at the rate of 1.8 per cent of earnings each above a minimum income of $1,100 up to the YMPE to a maximum of $190.80. The self-employed pay 3.6 per cent to a maximum of $381.60.

CPP retirement pensions, payable from age 65 as long as the pensioner lives, are based on 25 per cent of earnings up to the YMPE each year, averaged over the whole period contributions could have been made. In the averaging process some months of low earnings are dropped, as are any periods when the person was drawing a CPP disability pension. Finally, the average is updated by a formula that reflects the rise in general wage levels over the years.

The maximum for a retirement pension starting in 1979 is $218.06 per month. For those who normally earn less than the "ceiling" or who have had lengthy periods with little or no pay, the pension will be less than the maximum.

Death benefits

The CPP death benefit is based on individual earnings, subject to a minimum contribution, and is paid to the contributor's estate. The maximum death benefit in 1979 is $1,170.

Survivor benefits

Survivor benefits are paid subject to a minimum period of contributions. Benefits include both a survivor's pension for either spouse and an orphan's benefit. In 1979 a surviving spouse's pension is based partly on a flat-rate amount and partly on a calculation of the deceased person's retirement pension as follows:

- If the surviving spouse is aged 45 but under 65, the maximum monthly pension is $134.28.
- If the surviving spouse is under 45 and is disabled or has dependent children, the maximum monthly pension is $134.28.
- If the surviving spouse is under 45, is not disabled, and has no dependent children, the pension is reduced according to age; monthly maximums range down from $134.28 at age 45 to zero at age 35.

- If the surviving spouse is 65 or over and has no CPP pension coming from his or her own contributions, the maximum monthly pension is $130.84.

- If the surviving spouse is 65 or over and is entitled to a CPP pension from his or her own contributions, a combined pension is calculated with a maximum of $218.06.

The surviving spouse's pension is paid every month until death or remarriage. If the surviving spouse remarries the pension stops, but it can be renewed if that marriage ends in death or divorce.

Orphan's benefits

An orphan's benefit is paid as long as the child is under age 18 and unmarried or under age 25 and in full-time attendance at a school or university. The amount for each child is a flat $52.51 a month.

Disability pensions

CPP disability pensions are provided, subject to a minimum period of contributions, when an individual is suffering from a severe and prolonged disability. Disability pension amounts consist of a flat-rate portion of $52.51 and 75 per cent of the retirement pension that would be received at age 65. A disability pension starts in the fourth month after the person is considered to have become disabled. It continues every month until death, recovery, or age 65. At age 65, it is replaced by a retirement pension. The maximum disability pension is $216.06 a month.

Dependent children's benefits

Dependent children's benefits are paid when the parent is awarded a disability pension. As with orphan's benefits, a dependent child is one who is under age 18 and unmarried, or under 25 and in full-time attendance at school or university. For each dependent child the benefit is $52.51 per month. Benefits for a dependent child stop when the parent's pension ceases or when the child is no longer a "dependent."

Indexing of CPP benefits

After CPP benefits have begun to be paid, they are adjusted once a year according to increases in the consumer price index. And, even before benefits start, they have already been adjusted according to a formula that updates the individual's recorded earnings to current wage levels.

Division of pension credits

Pension credits may be divided equally between husband and wife when they divorce or if their marriage is annulled. When either occurs (after January 1, 1978) both parties have three years to apply for a division of credits through a CPP district or local office.

The Statement of Earnings

Any contributor can obtain a record of his pensionable earnings from official CPP records by filling out and mailing an Application for Statement of Earnings. Forms are available at the nearest CPP district or local office. Mistakes can happen in recording

employees' earnings for CPP purposes and are difficult to correct after a certain period.

Contributors concerned about protecting their CPP pension rights should apply for a record at least every four years because income tax returns on which records are based may be destroyed at four-year intervals. Applications may be made as often as every year.

When and how to apply

Persons who think they may be entitled to any CPP benefit should contact a CPP office without delay. Offices are located in the larger centres and in many smaller cities and towns. Office listings are also included with Old Age Security application forms, which are available in all post offices.

Further Information

CPP office addresses and telephone numbers are provided in telephone directories under Canada Pension Plan or Government of Canada, Canada Pension Plan. Inquiries may also be addressed to:

Canada Pension Plan, Head Office,
Department of National Health and Welfare,
Ottawa, Ontario K1A 0L1

Income Supplements

In addition to Old Age Security pensions, other special programs are designed to help people with little or no other income. All of them take into account the total income of an individual or married couple in determining whether any benefit is payable and, if so, how much.

GIS

Guaranteed Income Supplement

This program supplements the income of Old Age Security pensioners. An application is sent to every OAS pensioner. The maximum GIS payable is $137.28 a month for a single person, and $114.15 each for a married couple if both are pensioners. The actual amount in any case will each year take into account "other income" of the individual or couple. GIS is payable outside Canada for up to six months.

Benefits for spouses

Spouse's Allowance

The spouse of an Old Age Security recipient, if age 60 but under 65, may be eligible for a Spouse's Allowance. Application forms are sent automatically to OAS pensioners whose spouses are within or approaching this age group. The amount will depend on the combined income of both partners, based on a total of current Old Age Security and Guaranteed Income Supplement benefits being received minus a reduction for their "other income."The maximum Spouse's Allowance is $281.36 a month, payable until the recipient is age 65 or dies. Payment can be made outside Canada, but only for six months. If the

pensioner dies, the surviving spouse, if still under 65, will continue to receive the allowance for six months.

Guaranteed Annual Income System

GAINS

This Ontario program supplements the Old Age Security and Guaranteed Income Supplement programs for people aged 65 and over who have lived in Ontario for at least the past year. Recipients of these benefits may be eligible, as may others who are 65 and over and meet certain minimum residence conditions. Amounts vary, depending upon the other income of the person or married couple. Those receiving these other benefits will receive GAINS benefits automatically if eligible. To illustrate how income supplements operate, the maximums payable each month as of January 1, 1979, are listed.

	Single person	Each married person	Married Couple
Old Age Security	$167.21	$167.21	$334.42
Income Supplements			
GIS	137.28	114.15	228.30
GAINS	38.88	52.01	104.02
Total	$343.37	$333.37	$666.74

Therefore, the minimum annual income guaranteed Ontario pensioners is $4,120 for single persons and $8,000 for married couples when both are pensioners.

As we have seen, none of our pensioners would qualify for the GAINS supplement either because their incomes are above the guarantee threshold or because they have not yet reached age 65.

Martha, a 66 year-old widow whose self-employed husband William died twelve years ago will, however, benefit from GAINS payments. Since William died before the Canada Pension Plan survivor benefits were in effect and before individual contributions to RRSPs were prevalent, Martha is dependent for her livelihood upon her own Old Age Security pension and a small amount of savings. Because her income is so small, Martha qualifies for Guaranteed Income Supplement payments:

Interest on bank account	$ 30.00
OAS	167.21
GIS	122.28
	$319.49

The guarantee level under GAINS of $343.37 means that Martha is entitled to $23.88 to bring her income up to that level:

GAINS	23.88
Total	$343.37

Information and application forms may be obtained from:

Ontario Ministry of Revenue,
Guaranteed Income & Tax Credits Branch,
Queen's Park,
Toronto, Ontario M7A 2B3

Telephones:
In Toronto, phone 965-8470;
in Area Code 807, ask Operator
for Zenith 8-2000; in other areas,
dial direct: 1-800-268-7121

4 Company Pensions

Private pension plans are often called "company" plans, since most of them are sponsored by employers in private industry. Trade unions may also operate pension plans covering members who work for a number of employers. And some of the largest plans have been set up by governments for their own employees, such as civil servants, firefighters, teachers, and police.

While all employers must contribute to the Canada Pension Plan, no law requires them to provide any additional pensions. Since there is no single pattern, private plans are found in a great variety of shapes and sizes. They may be changed frequently. And sometimes they are wound up if, for instance, an employer goes bankrupt or shuts down a factory.

Differences among plans arise from the different needs and wishes of various groups and the amount of money available. Except for some important ground rules set out in legislation, nothing prevents anyone from designing a pension plan that's completely different from all others. As a result, private pensions are extremely diverse. Like the business world in which they have grown up, they can't be described simply.

The Basic Pension Plan

As with new cars, it is practically impossible to find a thoroughly basic model of a pension plan. By the time the customer sees the product, the handiwork of the body designer has hidden most of the working parts, and many features will already be in place. What would a stripped-down model be like? Some effort is required to picture even a bare-bones pension plan, but we would look for the answers to some very basic questions, such as

Who can join?
When can an employee retire?
How much will pension benefits be?
Who pays, and how much?
Who runs the plan?
What are the safety features?

In looking for the answers, we'll probably run into some problems with the technical language used in pension documents. This is a necessary evil because a pension plan is a legal document that determines many people's rights over a long period. The language must be precise, so that it can be interpreted accurately – perhaps thirty or forty years from now – by everyone concerned. Here we will define the special pension plan terminology as we describe the basic features of company plans.

Who can join?

Eligibility

A plan may be open to all employees or all regular full-time employees of a company as a

whole, or only for a certain plant, office, or location. A firm may have separate plans for hourly-rated, salaried, and supervisory employees, or for members of different union bargaining units. A minimum starting age or period of service may be required. There may be an upper age limit as well. Employers generally make sure employees know the eligibility rules when they're hired and when they have met any age and service conditions for joining.

Membership in a plan is often compulsory, but in some plans it is voluntary. Membership is automatic in non-contributory plans where employees make no contributions. Joining a contributory pension plan means that contributions are deducted regularly from the employees' pay. If they are allowed to opt out of the plan, they give up any benefits that would be provided by the employer's contributions.

Retirement Conditions

When can an employee retire?

Because pensions are for older people, age is usually the first condition for retirement. Long service may also be taken into account. In any case, the plan will be quite precise about the service required and the "normal" retirement age, which most plans set at 65 years in order to establish the amount of a "normal" pension. This then serves as a starting point for calculating other types of pensions such as early retirement pensions.

Sometimes normal retirement age is also the "compulsory" retirement age, but that depends on company policy.

Special retirement conditions may apply to employees who become disabled or who have to retire prematurely because their jobs have been eliminated.

Pension Formula

All plans have a pension "formula" that states how a member's pension is to be calculated. Several types of formulas are in current use:

Career earnings plans

- In "career earnings" plans, pensions are based on a percentage of pay received during all the years of service with an employer. This type of calculation was used in determining Sarah's pension.

Final earnings plans

- In "final earnings" plans, a percentage of average pay for several recent years, which are usually the highest earnings years, is used in the pension calculation. Barbara's vested pension was derived on this basis.

Flat benefit plans

- A "flat benefit" scheme provides a fixed dollar amount for each year of credited service. For example, Lloyd's pension at $10 a month for each year of his thirty-five years of service, amounted to $350, and Clifford's basic pension provided $11 a month for each of his thirty years of service, or $330.

- A "money purchase" plan depends upon a formula for employee and employer contributions rather than for benefits. The resulting pension is whatever can be purchased with the contributions and interest that have accumulated throughout the employee's years of service. In John's case, for instance, he and his employer were each contributing 4 per cent of his earnings, but he had to wait until he was ready to retire to find out what his pension would be.

Money purchase plans

Retirement age is really part of the pension formula. The "normal" amount applies if the member retires at the usual age. If either early retirement or postponed retirement is chosen, the pension usually will be adjusted to reflect the fact that more or fewer payments are expected to be made. This process may simply be referred to as an "actuarial" adjustment; or it may be spelled out as, for example, a 6 per cent reduction if retirement is one year early, 12 per cent if two years, and so on. The intention is to ensure that someone retiring, say, at 64 receives about the same overall value as a person retiring at 65.

Contribution Formula

Who pays and how much?

The terms and amounts of any required employee contributions are always stated in the contribution formula. They may be a percentage of earnings, or a fixed number of dollars per week or month or cents per hour.

Of course, in non-contributory plans, employees are not required to make any payments at all.

Contributions are deducted from the employee's pay. Voluntary additional contributions may be permitted so that an employee can increase the eventual pension benefit.

Employer contributions often are described only in a general way. Instead, the benefits are set out or "defined" and the employer is committed to pay the cost of those benefits – or the balance of cost after taking into account employee contributions. An exception is in money purchase plans in which the employer pays a definite amount that is often equal to employee contributions and in addition in some cases a share of profits.

Both employees and employers can deduct their contributions from income for tax purposes if the plan is "registered."

Who runs the plan?

Administration
Even the simplest pension plan needs someone to direct it. Usually the employer looks after payroll records, enrols employees in the plan, and forwards contributions at the proper times. Apart from these routine tasks, however, much work and responsibility are involved in investing the contributions, paying out pensions and other benefits, and preparing reports on the financial and actuarial operation of the plan.

An employer, while legally responsible for the whole plan, will contract with other firms and individuals for much of the actual work. "Trustees" – individual trustees or a trust or insurance company – receive and invest contributions and make benefit payments. In this way the plan's assets are managed independently of the employer's funds. A separate "administrator" may be engaged to handle most of the paper work: preparation of information to employees, reports to the employer and government agencies, calculation of individual benefits, and so forth. At various stages an "actuary" will review the plan's experience and calculate the cost of the plan for the next one to three years. Some plans use the services of "investment advisers" to manage the investments of the pension fund. The employer may also hire a "retirement counsellor" to set up programs designed to help employees plan ahead for retirement.

Overall direction of the plan, including approval of pension payments, is usually undertaken by an appointed pension committee. Collective agreements often give the union the right to nominate employee members of administrative committees.

Protection of Benefits

What are the safety features?

Obviously, members of pension plans have much to lose if pension funds are mismanaged. Today that risk is reduced by laws governing the conduct of companies and individuals who manage other people's money. Insurance and trust companies are subject to a system of

Outside scrutiny

reporting, audits, and inspections by government authorities. In addition, all details of a plan's operation are open to the scrutiny of auditors, plan trustees, the actuary, and government agencies such as Revenue Canada, provincial tax authorities, and the Pension Commission of Ontario. Employees, however, don't often have access to this information unless a union agreement provides for such disclosure.

Ontario Pension Benefits Act

The Pension Benefits Act requires that private plan benefits be "funded" (see Chapter 7). The law is intended to ensure that a plan will be "solvent" – that is, able to meet its obligations – even if it is terminated. When a pension plan has to be wound up for any reason, such as an employer's bankruptcy, all plan assets must be used to provide as far as possible for the "accrued" benefits members have earned up to that time. Any distribution of assets is subject to approval by the Pension Commission.

Vesting

Vesting is another form of safeguard. It is the employee's individual right or entitlement to a pension. If an employee is a member of the same plan from age 20 to 65, the employee will clearly be entitled to a pension. But what happens if the employee changed jobs during that time or the plan is terminated by the employer? At what point is the employee entitled to a pension?

The law requires that all plans must give a right to a pension to all members who are at least age 45 and who have ten or more years of service

with the employer. So, if the employee leaves the job between that point and the point of normal retirement as defined in the pension plan, a pension or annuity will be paid at normal retirement age. Plans may have a more liberal vesting rule than "45 and 10," such as after ten years' service or at age 45 with five years' service.

"Vesting" is used to describe not only the entitlement to a pension, but also the right to a pension based on employer contributions. In a non-contributory plan the deferred pension is based on the employer's contributions exclusively. In a contributory plan the pension may be based on the employee's contributions and the employer's contributions. Whether there are any employer's contributions depends on the cost of the deferred pension. If the pension costs more than the employee contributions can buy, the employer makes up the difference. If the promised pension costs less than the employee's own contributions, the law requires that the pension must at least equal in value the employee contributions. Generally, the cost each year depends on the age of the employees; the lower their age, the lower the cost to the employer.

Locking-in

Once an employee has the right to a deferred pension the employee contributions are locked in. (A plan can permit a lump-sum payment of up to 25 per cent of the value of the deferred pension.) Before they are entitled to a pension, employees may, upon termination of employment, receive a refund of their contributions,

with or without interest depending on the wording of the plan.

Other regulations make sure that people's vested pensions can't be assigned as security for debts, "garnisheed," or converted to cash payouts. The intent of our current laws is to guarantee that money in pension plans is preserved for retirement.

Getting Beyond the Basics

With all the "basic" features in place, the pension plan can be added to in any number of ways to meet special needs, to give extra flexibility, or simply to make pensioners more financially secure.

Survivors' pensions

The retiree may be given the opportunity of taking a reduced pension in order to provide an income for his surviving spouse in the event of his death. Amounts are calculated in each case on the basis of estimates of two people's life expectancy. Variations include a fixed reduction or no reduction in pension, with a fixed percentage (e.g., 50 or 60 per cent) payable to the surviving spouse. In Lloyd's case his pension was reduced a fixed 10 per cent, and 50 per cent of that amount was payable as a surviving spouse's pension.

Disability pensions

A serious illness or accident can disable an employee, permanently, at any age. Many pension plans provide disability pensions, which are often the full amount of the normal pension credited up to the time of disability.

Some plans provide supplements, or the total pension may depend on what government benefits (Workmen's Compensation, CPP disability pension) the person is entitled to. Disability income may be provided through insurance rather than a pension plan or through both pensions and insurance.

Actuarial reductions and bridging supplements

In some plans employees, usually those with long service (e.g., thirty years), may be allowed to retire early without any "actuarial" reduction in their normal pension. A supplement, which is sometimes called a "bridging" supplement, may be paid in addition to the regular pension until the pensioner reaches age 65 and government pensions begin to be paid. Clifford exercised this option and retired at 63 with a "special" pension of $650 a month, which was his regular pension of $330 without actuarial reduction, plus a bridging supplement of $320.

Integration

Many private plans are designed to "mesh" with government plans, especially with the Canada Pension Plan. Many different integration methods can be found, some of which are quite complicated. Employee contributions, for instance, may be levied at the rate of 5 per cent of earnings minus contributions to the Canada Pension Plan, and the pension formula may be based on contributions rather than earnings. Some formulas call for different benefit rates to be applied to "earnings" as calculated for the Canada Pension Plan for 1966 and later years. For example, a plan might describe the pension as:

- 2 per cent of final average salary for each year of service before 1966; and

- for each year of service after 1965, 1.375 per cent of final average salary up to the average YMPE for the latest three years; plus 2 per cent of final average salary above the average YMPE for the latest three years.

As complicated as this type of formula may seem, it's intended to relate Canada Pension Plan benefits as fairly as possible to the individual's period of service with that particular employer. By comparison, a few plans simply call for the individual's pension to be reduced ("offset") by the full amount of the Canada Pension Plan retirement pension.

It is important to note that the Canada Pension Plan and the Old Age Security pension have no direct effect on private pension plans; neither government pension contributions nor benefits are dependent upon the contents of private pension plans. Whether plans are integrated or not depends on private decisions by employers and unions.

Indexing

"Indexed" adjustments based on increases in the consumer price index are found in a few plans, nearly all of which are in the public service. Adjustments may be limited to a certain percentage in any one year. In other cases, employers may give pensioners occasional increases to help offset higher living costs without writing an indexing formula into the plan.

Information about Private Pension Plans

- If your employer has a pension plan, be sure you get a description of the plan with particulars about how you join and what benefit you get.

- A member of any pension plan registered under the Ontario Pension Benefits Act has the right to inspect the plan at the offices of the Pension Commission of Ontario. For information, contact

  The Superintendent of Pensions,
  Pension Commission of Ontario,
  10 Wellesley St. East (2nd Floor),
  Toronto, Ontario M7A 2K2
  Telephone: (416) 963-0522

5 Personal Saving

Canadians are a thrifty people. Recent statistics show that we save as much as 12 cents of every dollar we have left after taxes. That's an unusually high level, but it shows how much saving is possible. Naturally much of what is saved one year is spent the next. Some goes indirectly toward meeting retirement needs in the building up of equity in a home, for instance, or in paying off debts. However, a substantial amount of saving is channelled directly into retirement plans of one kind or another. Some of this saving for retirement is the result of compulsory programs. But some is strictly voluntary saving by individuals who may save in a variety of private ways or take advantage of "tax-sheltered" plans offered by many institutions.

Savings and income security in retirement

Individual Investments

There's no lack of opportunity for people with spare cash to put their money to work. Canada Savings Bonds are highly popular. The more venturesome may invest in common stocks and mortgages. In between are a number of types and grades of securities – investment certificates, bonds, debentures, and preferred shares – offered to the public by banks and other institutions that borrow money in order to lend it to others and by companies wishing to expand their production of goods and services.

If an individual has the money, chooses his investments sensibly, and reinvests his interest and dividends, he may arrive at retirement age with a respectable nest egg. Whether it's large or small, it will be all his, since income tax will usually have been paid.

A personal investment portfolio, built up over a long period, can go a long way toward making retirement more comfortable and enjoyable. It can pay for travel or other hobbies; or it can be used to buy an annuity (pension) to provide extra income security.

Individual saving for retirement does have drawbacks, though. Even if some money can be set aside for a rainy day, it's surprising how often those rainy days occur! Anyway, there are some large expenditures that will probably have higher claim on a family's income than saving for retirement, such as children's education, a bigger house, a new car, or a vacation trip with the family to mention only a few.

For the average person, therefore, saving usually is a fairly short-term effort. By the time it's possible to do some serious saving for retirement, it's often too late for much compound interest to have time to build up (see Chapter 7). Fortunately for many of us, our government and private pension plans will provide a basic income after retirement. That leaves a somewhat lighter job to be done by purely personal saving. And in recent years

Registered Retirement Savings Plans (RRSPs) have proved an effective way to save.

Registered Retirement Savings Plans

RRSPs

Registered Retirement Savings Plans are attractive not merely because people like to save, but because they also like tax reductions and refunds. With the help of an RRSP an individual can invest fairly large amounts of money, watch that investment grow over the years, and still benefit immediately by not having to pay income tax on contributions or the investment earnings.

Deferred taxes

If that sounds too good to be true, it's because that isn't the whole story. Taxes are actually *deferred* until payments are made out of the RRSP. But by the time taxes have to be paid on both the principal and interest, most people can expect to find themselves in a lower tax bracket, especially if the money returns in the form of a retirement annuity (monthly pension) as is intended. Meanwhile, the RRSP offers a low-cost means of setting up a retirement fund, and the tax incentive encourages regular annual contributions.

Some strings are attached. If the RRSP contract is cancelled in order to use the money for other purposes, income tax must be paid at the regular rate. Money can, however, be transferred directly from one RRSP to another (or to a registered pension plan) without payment of income tax.

Death benefits – which the Income Tax Act calls "refunds" – are also taxable, though there may be special tax treatment for such beneficiaries as a spouse or dependent children and grandchildren.

Annuities and RRIFs

Since the object of an RRSP is to provide retirement income, each contract calls for the purchase of an "annuity" to start as early as age 60 but no later than the end of the year of the person's seventy-first birthday, or the setting up of a Registered Retirement Income Fund (RRIF). Several forms of annuity are available, including payment to a married couple as long as either spouse is living.

Contribution limits

RRSP contributions, deductible for tax purposes, are subject to certain limits. At present, anyone who belongs to an employer pension plan can contribute a total – including all pension and RRSP contributions – of 20 per cent of his earnings to a maximum of $3,500. For others, the limit is still 20 per cent of earnings, up to a maximum of $5,500. A "spousal" RRSP can be set up for the member's husband or wife, as long as the total contributions are within the same limits. In addition to the regular contributions, some special types of income can be put into an RRSP. These include retiring allowances, pension payments (including OAS and CPP), and payouts from profit-sharing plans.

Who issues RRSPs?

Information about RRSPs is readily available from the many institutions authorized to issue these plans – banks, credit unions, trust companies, insurance companies, and other investment firms. They will provide details of how the money in their plans is invested, how their investments have performed, what charges they make for their services, and how to go about setting up an RRSP contract.

Basic RRSP information is also given in the Tax Guide supplied with personal income tax forms that are mailed to most taxpayers or are available at all post offices. More detailed information may be obtained from the nearest District Taxation Office.

6 Other Benefits for Pensioners

So far, we've looked only at pension benefits that are in the form of money income. There is, in addition, a wide range of non-income benefits and services that, although not always measured in dollars and cents, can mean a good deal to people living on pensions. What follows is a brief – and partial – guide to other benefits available to pensioners.

Unemployment Insurance
Premiums stop at age 65, but a one-time payment equal to three weeks' benefit is available to those who qualify for benefits on application at the nearest Canada Manpower office.

Income Tax Breaks
The best advice is to follow the Tax Guide supplied with income tax forms available at any post office. Changes in the tax provisions occur fairly often. Currently the items of special interest to seniors are the

- *Over-65 exemption* This additional exemption amounted to $1,520 for 1978. Part of this deduction from income may be transferable between spouses if both are 65 or over.

- *Pension income deduction* Up to $1,000 in pension income – except from OAS and CPP pensions – may be deducted regardless of age.

- *RRSP deduction* Certain amounts contributed to a Registered Retirement Savings Plan can be deducted (see Chapter 5). Available at any age up to 71.

- *Interest and dividend deduction* Up to $1,000 in interest and dividends from Canadian sources may be deducted, regardless of age. Part of this deduction may be transferable to a spouse.

- *Ontario Pensioner Tax Credit* Ontario residents aged 65 and over benefit from a tax credit of $110, but only one such credit is allowed per married couple. To get this credit, an income tax return must be filed, even if no tax is payable.

Health Insurance (OHIP)
Anyone aged 65 or over who has lived in Ontario for the past twelve months may apply for free OHIP coverage, regardless of income. In the case of a married couple, the insurance can be transferred to the name of the older spouse. This benefit currently saves a single person $19 and a family $38 a month.
Apply to

Ontario Health Insurance Plan,
Box 1744, Station R,
Toronto, Ontario M4G 2T3

Prescription Drugs

Ontario's Drug Benefit Plan provides free prescription drugs to Old Age Security pensioners, who automatically receive a Senior Citizen Privilege Card to identify themselves for this benefit – as well as for many others mentioned below. Also eligible to apply are Canadian citizens or landed immigrants aged 65 and over who are not eligible for Old Age Security but who have lived in Ontario for the previous year. They should apply to

Ontario Ministry of Health,
Drug Benefit,
Queen's Park,
Toronto, Ontario M7A 2S3

Municipal and School Tax Credit Assistance

The province, through each municipality, assists homeowners aged 65 and over with property taxes, up to a maximum of $150 a year. This assistance becomes a lien on the property and is repaid when the house is sold. Information about this and other property or tenants' assistance can be obtained from municipal offices.

Housing

Municipal housing authorities will advise on housing assistance, which usually depends on family size and income. Special accommodation for people aged 60 and over may be available.

Transportation

Airlines, trains, buses, ferries, and local transit systems often offer reduced fares for senior citizens upon proof of age.

Entertainment and Recreation

Many theatres, movie houses, museums, galleries, concert halls, and other public attractions offer reduced admission prices for seniors, usually on proof of age. Admission to national and provincial parks is free to persons aged 65 and over.

Education

Most Ontario colleges and universities provide free or reduced tuition for seniors, in some cases as early as age 60. Sometimes this privilege applies to all courses; in others, it applies to part-time or specified courses.

Public Libraries

Many public libraries have special services for older people; large-type books are generally available, and home delivery may be arranged for shut-ins.

Business Services

Banks and trust companies usually offer free to customers aged 60 and over some services that otherwise would be chargeable. Also, they pay higher interest rates on deposits. Barbers and hairdressers often give seniors reduced rates on certain days of the week. Bell Canada, when it has proof of age, doesn't charge senior citizens for directory information calls dialed from their own phones. Some supermarkets give senior citizens discounts on specified days.

Benefits Based on Need

A variety of services and income assistance is available to those who have severe disabilities or other financial and personal problems. Amounts and types of benefit depend on individual circumstances and are usually based on the actual cost of such items as rent, fuel, and hearing aids. Particulars of Ontario Family Benefits and other programs may be obtained from any municipal Social Services office or through a Community Information Centre.

Pension Costs

A generation ago, few Canadians could look forward to a pension that would support much more than subsistence living. Too often retirement was a time of unrelieved poverty.

In 1952, when Old Age Security pensions were first paid without a means test, the amount was only $40 a month and was only available when a person reached age 70. There was no Canada Pension Plan; nor were there Guaranteed Income Supplements or GAINS benefits. Pensions from employment weren't widely available, and a pension of $100 a month was considered good. Even at that, most workers had to stay with one firm right up to retirement age in order to collect any pension.

Today the situation is quite different.

- Old Age Security pensions are much larger. They're paid when a person reaches age 65 and are adjusted to keep up with the cost of living.

- Canada and Quebec Pension Plan benefits, introduced in 1966, now pay up to $218 a month to people retiring at 65 and to disabled workers; benefits are also paid to survivors and dependent children.

- Supplements are paid to the elderly to provide a minimum income to those with incomes considered inadequate.

- Private or "company" pensions cover an estimated 50 per cent of the labour force in Canada. Most permit normal retirement at age 65; some have even lower retirement ages. Pension levels have risen substantially in recent decades.

- Protected entitlement to private pensions is now common practice in many places and is required by law for plan members who are 45 and have ten years' service.

- Personal saving for retirement is actively encouraged by government through the income tax system.

- Numerous benefits for senior citizens are also available from federal, provincial, and local governments and private institutions and businesses.

Why Have Retirement Programs Improved?
Over the years, several factors contributed to our awareness that improvements in retirement pensions were a matter of necessity. Once recognized, methods began to be found to meet the pressing needs of the retired.

The "seniors" population

First, the over-65 population has been growing very rapidly. Today, more than 2 million Canadians, 800,000 of whom live in Ontario, get Old Age Security pensions; that is, 9 per cent of the population are now "seniors" and

the proportion is expected to be about 16 per cent forty years from now. From any point of view – humane, political, economic – that's a large group in our society that must have readily available income to ensure at least a minimum standard of living.

Second, our attitudes towards retirement have been changing. As we have come to expect longer and healthier lifetimes we've begun to think about what we will do during those retirement years. Travel, hobbies, and community activities are some of the options open to us. All this means that more of us are optimistic about our retirement prospects and that we need and want enough money to realize our ambitions.

Finally, the demand for earlier and more comfortable retirement has been heard – by governments, employers, unions, financial institutions, and pension specialists. As a result, pension frontiers have been pushed far beyond the "subsistence" point.

What Does It All Cost?

At one time, society was most reluctant to pay people who were not working. Today we're more inclined to put aside some of our current earnings to provide income in the future. We're more willing as well, to pool our resources so that a decent retirement income doesn't depend entirely on how much each of us can afford to have "skimmed off" our present income.

Putting that principle to work for 9 per cent of the population takes vast amounts of money, all of which comes, one way or another, from what society produces and therefore can distribute among its members. For the moment, however, let's not talk about the billions of dollars involved, but rather about how money is funnelled into pensions and why.

One way of providing a pension income is to save for it on your own. Say, for example, that you want to be in a position to pay yourself a pension of $500 a month, starting when you turn 65.

To do that you would first have to make two important guesses: how long you expect to live beyond age 65 and thus how many monthly withdrawals you are likely to make; and how much interest you can earn on your money before you withdraw it.

Life expectancy and interest rates

- Statistics tell us that the average Canadian male at 65 will live nearly fourteen more years; a female, over seventeen more years.

- Interest is unpredictable. Rates can go through a good many ups and downs over a long period. But let's take 6 per cent annually as an informed guess of the interest rate you might expect.

Using the figures for a male for purposes of illustration, "compound interest and annuity tables" and some simple calculations will tell us what you would have to have by the time you retire. The result shows that you would need about $57,000, still invested at 6 per cent, to give you $500 a month for the additional fourteen years the average 65 year-old male is expected to live.

Compound interest

This exercise does not, of course, tell us how you accumulate all that money. For that answer we can go back to the tables and make a few more calculations to find out how much must be invested every year at 6 per cent to produce $57,000 at retirement.

The answer will depend mainly on how old you are when you start saving. The more years the money earns interest and the interest "compounds" – that is, itself earns interest – the more money will accumulate. And so we learn that

If you start at age	you must save	each year for
18	$ 236	47 years
25	$ 367	40 years
35	$ 718	30 years
45	$1,543	20 years

At this point, another calculation will show the importance of time in the operation of compound interest:

In accumulating $57,000 over	interest compounded annually at 6 per cent accounts for
47 years	$45,693, or 81%
40 years	$42,058, or 74%
30 years	$35,198, or 62%
20 years	$25,878, or 46% of the total

That's good news for those who are fairly sure they can save, have confidence that interest rates won't fall below 6 per cent, and don't expect their money will be needed desperately for something else before retirement. Those are the three most obvious risks.

A fourth risk isn't quite as obvious. If you live beyond age 79, your savings will be used up; conversely, if you die before the fourteen years you expected to live are up, you will have saved too much.

Clearly, then, individual savings programs are not necessarily the best answer. What's needed is a feasible and safe way of providing a regular income as long as a retiree lives. That period, on average, is equal to a good 30 per cent of a person's working life. But it may be shorter or longer for a particular individual.

The group approach to pensions

Participation in a group plan is one way of guaranteeing income for all of one's retirement years. Money taken out of today's income can be pooled in a group fund, invested, and eventually returned in the form of pensions. While costs are still based on how long the average person will draw a pension, there is no need to worry about being cut off if one lives longer than the average.

Costs are calculated for the group as a whole. Members pay in – or someone pays on their behalf – their part of the total cost.

The group approach to pensions is, in one sense, insurance. Life insurance provides money to someone if you die, while a group pension provides money to you if you live. You might say a pension is insurance against the risk of having to live without any income.

Group arrangements for pensions have other important advantages, such as systematic saving, low-cost administration, access to higher-yield investments, to mention a few. Also, it's possible through a group to provide such benefits as disability pensions and early retirement supplements, either of which would be extremely costly for an individual to "buy" for himself.

All the plans discussed in this booklet, whether private or public, make use of the group principle. All are designed to provide income protection to pensioners, and sometimes their families as well, for as long as required.

Pooling

Even in a money purchase plan, where each member has a personal "account" into which definite contributions are regularly paid by both the employee and the employer, risks are "pooled" at the moment of retirement. The accumulated money goes into a pot with many others' savings. All their pensions are calculated according to estimates of how long the pensioners are expected to live and how much interest will be earned on the money before it is paid out in benefits.

Similar conditions apply with a Registered Retirement Savings Plan when the accumulated fund is used to purchase an annuity. Up to that point individuals have made their own decisions about savings objectives and how much they're prepared to save each year. Once an annuity is purchased, income from it will depend again on the calculated expectations of interest and average length of life as in any group plan.

By pooling risks – that is, sharing with others the risks of living, dying, or becoming disabled – we find we can provide ourselves with pensions as long as we live and still have money to enjoy while we're young. That is, the "cost" of pensions can be lower than if we had to depend entirely on our individual savings even with interest.

If we accept the "insurance" idea of pensions, we must also accept the reality that some people will receive a larger payout than others simply by living longer. In fact, pension plans

that provide death benefits or survivor pensions have to work into their calculations the costs of allowances for these elements. "Term certain" pensions, payable for a guaranteed minimum period such as ten years, also involve an extra cost. In our Chapter 2 examples, Lloyd's survivor pension and John's ten-year guarantee both involve extra cost or a reduced pension compared with a straight lifetime pension or annuity.

What is "Funding"?

"Funding," or perhaps more appropriately "pre-funding," is the setting aside of money today so it will be available to provide pensions later. Pension plans are promises; funding backs up those promises.

Security for government programs

To the question, "Aren't all plans funded?" the answer is no. Private plans must be pre-funded; but government programs such as the Old Age Security program are not.

Two examples may help explain why there is this important difference.

In the case of the Canada Pension Plan the government raises enough revenue through contributions from employees and employers to pay all the benefits claimed, year by year. As the number of pensioners and the level of their pensions increase, the cost is met by an increase in dollar contributions because of the higher earnings "ceiling" (YMPE) and a growing labour force; and eventually by higher contri-

bution rates, which are expected to increase in stages from the present rate. In fact, however, up to now the Canada Pension Plan has been partly "funded," since the 3.6 per cent contribution rate has been higher than required to pay all benefits to date. Actually, rates may always be "stabilized" for years at a time by moving them ahead more than is immediately required. The surplus created by excess contributions is invested by lending it to the provincial governments, which pay interest on their loans.

Because OAS and CPP are backed up by all the fund-raising powers of the government, this direct transfer of money from contributors to beneficiaries is a practical and safe way of providing income. For contributors, the government's promise of future benefits is as good as anyone's; the pension expected, with escalation for higher living costs, is almost certainly better than any of them could provide by investing their own money.

Security for private pensions

A second example is provided by Company A, which is prepared and financially able to provide generous pensions to its employees. For this company, the "non-funded" method might work out just as well, except for one overriding consideration: unlike the government, Company A could go out of business. If that happened, its "pay-as-you-go" pensions simply would stop. All employees would lose the benefits they had earned for their years of service.

Because that can't be allowed to occur, private plans have to be funded. The law insists that pension promises be backed up by paying into a fund the cost of the benefits earned by members year by year; and by paying off, regularly over fifteen years at the most, the cost of any benefits that are "unfunded," such as credits for past service.

Private pension funds are invested, and the earnings – interest and dividends – are re-invested. Interest therefore plays a very important role in financing private plan benefits. Canada Pension Plan benefits do not depend on interest earned on contributions. But the benefits are adjusted for increases in general wage levels and consumer prices and in effect give today's contributors a handsome return on their money when they retire or, if they die, provide for surviving spouses and dependent children.

Where Does Interest Come From?
We know that interest and other fund earnings come from investments. But that's not a complete answer for the consumer's purposes. Interest is definitely *not* "bread from heaven." It is paid by all those governments, companies, and individuals who borrow money.

The catch is that everyone who borrows has to get money from someone else to pay the interest and repay the loan. Governments issue bonds, incurring a debt they pay interest on. They raise the money to pay from taxes – which are paid by everybody. Railways

borrow, and the cost of borrowing is met by part of the price of every ticket. A bakery borrows, and interest is built into the price of every loaf of bread.

Spreading the Cost Around

In this way interest, like the taxes and contributions that pay for Old Age Security pensions and the Canada Pension Plan, serves to redistribute costs, and so make it possible for the working population to support the retired population.

Tax shelter

Another way in which costs are spread around is found in the "tax shelter." Within certain limits people are exempted from paying tax on income that is contributed into registered pension plans, RRSPs, and the Canada Pension Plan. Employers pay no tax on their contributions, and employees and self-employed persons pay only when they draw benefits. These tax concessions are justified because they encourage people to save for later.

But these concessions also result in a cost to the government because they mean a loss of income tax revenue. The government must then make up the lost revenue by shifting the cost to taxpayers, either by raising taxes or by cutting back other benefits paid to all or some groups of taxpayers. Because pension costs are

thus spread over all taxpayers, they must be concerned about the extent of the cost and who is benefitting from it.

GLOBE Apr 26

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Basic OAS pension rises to $153.44

The basic Old Age Security pension has been set at $153.44 a month for the first quarter of 1978.

Pension, Guaranteed Income Supplement bene-fits and ...

...nionist says retirement like se...
— age shouldn't matter

By Bill Lindsay
of The Free Press

Retirement is like ...

widows. They need help. It's a sad af-fair, really, for many of the ...
write to us."

LONDON FREE PRESS - APRIL 27, 1978

...ore seminars needed on problems after retirement

...told the mixed audience of ...not experienced...

'You can't index a pension...

Sir: After reading about Prime Minister Tr... strong feelings on pensions, I was wondering i... other persons have ever given a thought to the ... who has put 25 to 30 years of his life to the same ... ny only to have the company close or relocate? I ... know that vested pensions to these workers are cut back and sometimes lost completely, becaus... is no more money being put into the fund to enab...

LONDON FREE PRES...

Canadian Pension Plan still a barg...

928 A

By Garnet Moore
The writer is a retired member
of the Free Press editorial page staff

Canadians mulling over reports that the Canada Pension Plan could be bankrupt in five years can derive either solace or dismay from the comparable but much older social security system of the United States.

The point when Canada Pension Plan payouts outrun premiums has been seen as possibly 1982. That point has been sighted several times in the U.S. and the response usually has been simple: Expand the premium structure. Higher premiums are an obvious answer in Canada too. So not to worry about CPP collapsing in penury.

But what Americans want to know now about their social security tax is how high is the moon.

A U.S. worker making $350 a week stands to shell out around $1,070 this year to his govern-...

earnings from both employer and employee. This carried a pensionable earnings ceiling of $16,500 in 1977. In 1978 the ceiling will rise to $17,700. Proposals for 1979 call for a 6.13-per-cent rate on $22,900.

There are congressi... the tax rate and the ... ing. One formula wo... employers to $50,000 ... then to the first $75,0... income by the year 2... sharing system the ... ployees on the first $1... by 1985.

Compromises are ... looked on with favor ... adjust rates and taxa... example, a wage earn... $15,000 would pay $951 ... year. Still sensing tax... proposed amendment ... back to $650 and then ... meet social security d...

Surplus CPP funds have been made available to the provinces for borrowing at rates commensurate with certain federal treasury bonds. An accounting last September showed Ontario with ...

As the pensiona... each year, payou... living indexing al... ...ed th... ns, e... nonth... der U... ving... ation... ck to... Aug... ave... half... erag... high... ing...

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59m Nov 9/77

Flexible retirement: by biological age

BY W. GUNTHER PLAUT

Dr. Plaut is rabbi of Holy Blossom Temple.

A GOOD MANY Globe and Mail readers, so I am told, are over 40 years of age. No wonder then ...

Comments J. Roger O'Meara: "Each employee would be able to select the year in this range when he wants to retire, but he would not be immutably committed to his original choice. Surveys would be conducted annually to give the company a close approximation of the number of employees ...

LONDON FREE PRESS - APRIL 11, 1978

...Registered retirement plan changes ...o provide new options up to age 90

...TAWA (Bureau) — The federal gov-...nent is moving toward adding more ...bility to Registered Retirement Sav-... Plans (RRSPs).

...til now, the almost two million Cana-...s having these plans were required ...vest proceeds from the schemes in a ...annuity with an insurance company ...re their 71st birthday or withdraw it ...ump sum and pay income tax on it.

...nance Minister Jean Chretien, in his ...et speech Monday night, said he has ... concerned about the limited choices ...holders of RRSPs and now will ...

These changes will come into effect on royal assent.

Any institution now providing RRSPs would be permitted to provide the new investment vehicles. Finance department officials predict better rates of return because of increased competition for the savings dollar. At present, only life insurance companies are permitted to sell life annuities.

In the event of death before age 90, the money remaining in the Registered Retirement Income Fund or in the fixed-term annuity would be taxed as a lump sum. The balance would then be paid into ...

They offer a significant incentive to save for retirement because contributions, up to certain limits, are tax deductible.

A member of a registered pension plan may contribute up to 20 per cent of income to a maximum of $3,500 a year. Those who are self-employed or who are not members of a pension pla... tribute 20 per cent of income ... a year.

But under current rules, b... RRSPs accumulated must ... tered and tax paid on the lu... life annuity purchased from ... company. Anyone who has ... ...vings finds it ... ...uity than to pa... ...um.

...nt of death of ... ...noney is kept ...

If $1,000 were invested at age 70 at eight-per-cent interest, $50 would be paid in the first year. This would increase to $54 in the second year, to $58.32 in the third and to about $63 in the fourth. By the 20th year, the payment would be $215.79, which would exhaust the fund —

It's application time aga... for GIS, spouses allowa...

It's time again to apply for Guaranteed Income Supplements and Spouses Allowances.

Information booklets ...

months of reaching 60 or is over 60 but has not yet reached 65 is eligible, provided the couple's combined income falls within ...

be... mu... ma... yea...

...hy indexed pensions absolutely necessary

...ss and fury about indexed pensions, ... inescapable fact. Indexed pensions ...essity. We can't allow our elder citi-... ...eath gradually o... ...ng is rising at ap... It is utterly ridic... ...nsioner can survi... ...nly buy 46 cents ...ess in 20. Theref... and must be acc... ...nking person in t... ...are an unavoida... ...wo main objecti... ...te pension indus... ...) and the Canad... ...rivate business ... pension funds ...sible for investr... ...munity. Those ...

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health and welfare's present task of administering the CPP.

Pension plans in for major overhaul

By Leonard Shifrin
The writer is former executive director
of the national council of welfare

The changes in store for Canada's private pension system in the next few years "will be immense," the Canadian pension conference was told recently by a member of the Ontario Royal Commission on Pensions. "Anyone who thinks the private pension system can survive on band-aids," said insurance company executive Donald Coxe, "is either deluded or ill-informed." ...

Given the mobility of today's workforce, he told the pension conference and, in another recent speech, the Toronto Personnel Association, "vesting and portability will have to be improved," with "absolute entitlements after some short period of employment (becoming) the order of the ...

The Canada/Quebec Pension Plan mecha... can cope with seasonal fishermen, casual labo... and the whole range of marginal workers ... whom private pension plans are not designed. ... question is whether ...

8 Consumers and Pensions

Consumers, whether workers or pensioners, have been at the centre of every development discussed in this booklet. But their voices too often have been lost amid the throng of big institutional voices arguing about the mechanics of moving around billions of pension dollars.

The cost of pensions is shared by everyone, pensioners included, and all have a very real interest in seeing that a good program is developed and in knowing that it's the best their money will buy. That means, for one thing, that consumers are entitled to more reliable, straightforward information about how pension plans work, how pension funds are invested, and how well or how badly their pension rights are protected.

No one would or should pretend that "all's right" in the pension world. Only about half the working force are members of employer-sponsored plans and many of them will lose their pension credits when they move from one job to another. Others will have their benefits cut back if their employers go out of business, despite the protection afforded by law.

Then there are also employers who fear the cost of setting up and operating a pension plan. And others who wouldn't even think of establishing a plan because their employees are mostly women, or young, or temporary. Both they and their workers are losers in some measure.

As for those who do benefit from private pensions, our examples show that some do much better than others. Lloyd's non-contributory plan entitles him to a monthly pension of $350. Sarah's contributory plan gives her only $88.70 each month. Barbara's vested pension of $153.75 monthly may have been reasonable for her level of earnings twelve years ago, but it bears no relation to the $20,000 a year she has been making recently. John's pension amounts to $229 a month. Clifford, as we've seen, would have been one of the more fortunate pensioners, but he had the bad luck to belong to a weakly funded plan that was wound up. And none of their pensions is "indexed" to compensate for cost-of-living increases.

Public programs have come a long way in the last fifteen years or so. But their benefits are still pretty basic. Most people, if they're able, will try to provide for more retirement income than they will obtain from Old Age Security and the Canada Pension Plan. They will also look elsewhere for arrangements that will give them retirement pensions earlier than age 65 or pensions based on earnings above the Canada Pension Plan "ceiling." That's why the

private pension sector is continually changing, with new types of benefits, higher pensions, and earlier retirement provisions. Nevertheless, public pension programs, too, are capable of change.

Just how pension plans and pension legislation should develop from here – mainly in the direction of better private plans and toward expanded government programs with or without more regulation – is the business of consumers everywhere.

Canadians these days look forward to *living* a little when they retire. It's a good thing for their well-being and for the economy if we can. Well-informed consumers can play an important role in making that wish a reality for everyone.

More Information about Pensions

Pamphlets giving details of specific programs may be obtained from various offices mentioned in the text of this booklet. Those interested in additional information might consult their nearest public library. Some suggested titles are:

Mercer Handbook of Canadian Pension and Welfare Plans, by Laurence E. Coward, Sixth edition, Don Mills, Ont.: CCH Canadian Limited, 1977. This 354-page volume is a textbook on the design and financing of employee benefit plans; it also describes government programs.

The Pensions Booklet, published by Labour Canada. Ottawa, 1978. English and French.

Pension Plans in Canada, 1976, by Statistics Canada. Ottawa. Statistical report showing pension plan coverage, with frequency of main plan features: contribution and benefit rates, retirement age, and vesting.

You and Your Pensions, by Ralph Nader and Kate Blackwell. New York: Grossman, 1973. A "consumerist" view of pension issues in the United States.

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